



# CAFTA Facts

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## ***Building Trade Capacity under the CAFTA***

- In a first for any free trade agreement, the CAFTA includes a Committee on Trade Capacity Building, (TCB) in recognition of the importance of such assistance in promoting economic growth, reducing poverty, and adjusting to liberalized trade.
- In response to the needs identified by the Central American countries, U.S. Government assistance stemming from the efforts of the TCB Working Group for these countries has increased from approximately \$66 million in 2003 to over \$80 million in 2004. These figures include assistance provided on a regional basis, most of which went to CAFTA countries. These TCB activities strengthen the countries' ability to implement the commitments in the trade agreement.
- Since the launch of negotiations, the Inter-American Development Bank has approved more than \$500 million in CAFTA-related operations.
- The CAFTA's Committee on Trade Capacity Building coordinates activities and ensures that they continue to be designed according to the needs identified by CAFTA member countries in their "National Trade Capacity Building Strategies." The Committee will build on work done during the negotiations to enhance partnerships with not only the United States Government, but also with non-governmental organizations, the private sector representatives, the Inter-American Development Bank, World Bank, Organization of American States, ECLAC, and the Central American Bank for Economic Integration.

### ***A sampling of TCB projects are below:***

#### **Involving Civil Society in the Trade Policy Process**

- The U.S. Agency for International Development (USAID) worked with Central American Trade/Economic ministries to develop websites for the collection of public comments on CAFTA, as well as for the dissemination of information about the negotiations to the public.

#### **Sharing the Benefits of Trade with Small Business**

- USAID funded projects to help small and medium enterprises (SME) in Central America benefit from trade with the United States.
- The Organization of American States (OAS) approved \$900,000 in non-refundable cooperation for Central America in 2004, directed mainly at strengthening small and medium enterprises and rural agro industries.
- The IDB provided regional financing to increase the availability and lower the cost of broadband among Central American countries and for Central America globally. This can lead to easier internet access for Central American SMEs which can improve two-way trade with U.S. small businesses.

### **Improving Food Safety**

- The U.S. Department of Agriculture (USDA) is working with USAID to provide assistance to Central American agricultural officials in several technical areas to help them improve their food safety and pest risk management systems, ensuring that such systems are science-based and do not disrupt agricultural trade.
- USDA has sponsored a technical training seminar with participation by key regulatory agencies for Central American governments to better understand and meet international obligations related to sanitary and phytosanitary (SPS) regulatory procedures and practices.

### **Facilitating Trade**

- USAID assistance is strengthening the ability of customs officials in Central America to implement the CAFTA. Improving customs administration will also enhance transparency and reduce administrative costs which help U.S. exporters.
- The U.S. Trade and Development Agency (USTDA) awarded a \$525,000 grant to the National Port Authority of Honduras to fund technical assistance related to the modernization of port operations and safety management systems at the Port of Cortés, a premier Caribbean port for the country and region.

### **Protecting Intellectual Property**

- USAID has provided assistance to the CAFTA countries to promote the effective enforcement of intellectual property rights (IPR) regulations, including training of judges.

### **Increasing Tax Revenues**

- USAID has provided technical assistance to the governments of Honduras and El Salvador with the aim of improving collection of tax revenues.

### ***Building Capacity to Enforce Labor Laws:***

- The CAFTA also creates a labor cooperation and capacity building mechanism through which the Parties will work together to strengthen the institutional capacity to fulfill the goals of the Labor Chapter. In addition, the Department of Labor awarded \$7.75 million in grants in 2003-2004 to improve workers' awareness of their rights under the law and strengthen the inspection services of Labor Ministries through training.

### ***Environmental Cooperation Agreement (ECA):***

- The ***Environmental Cooperation Agreement*** is a comprehensive framework for long-term cooperation in the region. The ECA was negotiated in parallel with CAFTA and builds on USAID's long-term environmental planning in the region and is specifically linked to activities under the Central American-U.S. Joint Accord. Allows for implementation of a unified interagency budget strategy to ensure that priorities identified in the ECA and its work plan are fully funded.

In the FY05 Foreign Operations Appropriations bill, Congress provided \$20 million specifically to support capacity building efforts under the CAFTA, particularly labor cooperation, fundamental labor rights and the elimination of child labor, improvement in labor administration, development and enforcement of environmental laws and regulations, improvement of environmental management systems, and market-related and economically sustainable conservation programs.